

Inter-American Foundation  
Meeting of the Board of Directors and Advisory Council  
December 9, 2013

The Board of Directors of the Inter-American Foundation (IAF) met in the White House Conference Room at the offices of Baker & McKenzie LLP at 815 Connecticut Avenue, NW, Washington, DC 20006, on December 9, 2013. Board Members present were John P. Salazar, Chair; Thomas Dodd, Vice Chair; and Eddy Arriola, Member. Board Member Jack Vaughn participated via conference call. Members of the IAF Advisory Council present were Alexander Watson, Chair; Marcos Flavio Azzi, Member; Rafael Fernandez MacGregor, Member; Nicolas Mariscal, Member; Hector Morales, Member; Anita Perez-Ferguson, Member; Jim Polsfut, Member; and Susan Tiano, Member. IAF staff members in attendance were Robert Kaplan, President; Stephen Cox, Vice President for Programs; Lesley Duncan, Chief Operating Officer; Manuel Nuñez, Director of External and Government Affairs; Emilia Rodriguez-Stein, Director of Evaluations; Paul Zimmerman, General Counsel; Patrick Ahern, Representative for Nicaragua; Megan Fletcher, Congressional Affairs Specialist; and Alexis Toussaint, Acting Executive Assistant. IAF staff members Gabriela Boyer, Representative for Mexico; Seth Jesse, Representative for El Salvador; and Jenny Petrow, Representative for Haiti, the Dominican Republic and Jamaica, attended a portion of the meeting. Mark Goode and Pamela Roberts of the Roberts Group, a firm based in Richmond, VA contracted by the IAF to provide consulting services regarding the engagement of potential donors, also participated.

**I. CALL TO ORDER**

Chairman John Salazar called the meeting to order at 9:00 a.m. Salazar introduced and welcomed the IAF's two new Advisory Council members, Jim Polsfut of the Cordillera Foundation and Hector Morales of Baker & McKenzie LLP and a former member of the IAF Board. Salazar thanked Morales for hosting the meeting at Baker & McKenzie.

**II. APPROVAL OF THE MINUTES**

The minutes of the meeting on June 24, 2013 of the IAF Board of Directors were approved and adopted by a unanimous voice vote.

**III. MANAGEMENT REPORT**

**A. Overview and report on implementation of strategic plan (Robert Kaplan)**

### Board, Advisory Council and IAF staff matters

Kaplan reported that Elena Echeverría had withdrawn from the Advisory Council, and that the White House had nominated Mark Lopes to the IAF Board of Directors. Lopes has also been nominated to the position of U.S. Executive Director of the Inter-American Development Bank. Lesley Duncan began as the IAF's new Chief Operating Officer in the last week of September.

### Federal Government Shutdown

The IAF was closed from October 1<sup>st</sup> to 17<sup>th</sup> during the shutdown of the federal government due to the failure of Congress to appropriate funds for the 2014 fiscal year. Prior to the shutdown, Duncan and General Counsel Paul Zimmerman updated the IAF's shutdown plan and prepared the agency for closure. The plan was executed smoothly. Kaplan commented that the IAF lost about one month of work time as shutdown planning and start-up consumed the week prior to and following the closure.

Activity at the IAF since the last board meeting in June 2013 was primarily occupied by finalizing development grants, which have tended to bunch toward the end of the fiscal year; preparing and presenting the IAF's budget request to the Office of Management and Budget (OMB) for fiscal year 2015; and completing financial and other reporting for FY 2013.

### Review of IAF Budget in FY 2013 (details in the board book)

In FY 2013, the IAF's total operating budget was about 15 percent lower (\$4.5 million) than that of FY 2012. The reduced budget was due to the federal sequester, which withheld 5 percent of the IAF's appropriations (\$1.4 million), and a 40 percent drop (\$3.1 million) in receipts from the Social Progress Trust Fund (SPTF). As a consequence, despite spending \$400,000 less on overhead than in FY 2012, including reducing staff from 43 to 41 full-time equivalent (FTEs), the ratio of overhead to total costs rose to about 20 percent (including the value of grantee counterpart) in FY 2013.

Despite reduced funding, the IAF's development grant program is still highly leveraged. The IAF more than matched its FY 2013 Congressional appropriation (of \$21.375 million) with \$22 million in resources from other sources: SPTF, grantee counterpart, inter-agency reimbursements and donations to fund its program and operations.

### Update on FY 2014 Budget

The IAF's budget for FY 2014 is uncertain. The agency is operating on a continuing resolution through January 15<sup>th</sup>, which makes available \$6.3 million (29 percent of the IAF's post-sequester FY 2013 appropriation), not including SPTF receipts and other funds. The President requested an \$18.1 million appropriation for the IAF. An appropriation at this low level would be offset by a higher amount in SPTF receipts and by fundraising to yield a total FY 2014 operating budget about equal to FY 2013 levels. The Senate approved an IAF appropriation at the FY 2012 level, which is \$4.4 million more than the President's request. An appropriation at this level would return to FY 2012 levels total funds under IAF management (appropriation, SPTF, other sources). The House approved an IAF appropriation that is \$4.4 million less than the President's request; it would represent a nearly 20 percent cut from the IAF's FY 2013 budget.

## Outlook for the IAF's FY 2015 Budget

OMB's guidance to the IAF was to include two scenarios in the IAF's FY 2015 budget request: a 5 percent and a 10 percent reduction in funding from the President's FY 2013 request. We also included a third scenario: federal funding at the FY 2012 level (\$22.5 million). The IAF had its budget hearing with OMB in late September. OMB will communicate FY 2015 budget decisions on December 17 and give us three days to submit an appeal. We project SPTF funding for FY 2015 at \$5.6 million, and our fundraising target for FY 2015 is an additional \$2 million. While the IAF has begun to put in place the tools for donor engagement, this remains the agency's greatest challenge. The IAF anticipates a further reduction in staffing and overhead in FY 2015.

## IAF on the Foreign Assistance Dashboard

Kaplan announced the launch of IAF data on the U.S. Foreign Assistance Dashboard, a web-based repository of budget and financial data for all U.S. government agencies engaged in foreign assistance. (A technical glitch caused the State Department to postpone the launch until December 13<sup>th</sup>.) The Dashboard has been under development for several years, and the team has faced a challenge of how to standardize presentation of data across all government agencies, while being meaningful to how each agency conducts its business. For the IAF, the Dashboard reports on appropriations, SPTF and transfers from other agencies. The website ([www.foreignassistance.gov](http://www.foreignassistance.gov)) is meant to be user-friendly and provides aggregate and disaggregate data and transaction-level detail at the level of grantees and contractors.

## Outreach

The IAF was invited on two occasions to share with a wide audience one of its evaluation tools, the ex-post assessment. Emilia Rodriguez-Stein and Miguel Cuevas of the Evaluations office offered a webinar in September to members of InterAction, an alliance of 180 NGOs. IAF collaborated with Plan International and Project Concern International to present at the 27<sup>th</sup> Annual Conference of the American Evaluation Association in October.

The IAF participated as sponsor, co-sponsor, member or speaker in several meetings or events, including the 2<sup>nd</sup> Brazilian Philanthropy Forum in Sao Paulo; the Central America Donors Forum in Washington, DC; an ongoing inter-agency working group on remittances (organized by the Treasury Department) and a "coffee and chocolate" educational event for congressional staff.

## Report on the First Year of the IAF's 2013-2017 Strategic Plan [Detailed tables in board book]

Kaplan reported on the IAF's performance in FY 2013 on the five strategic goals of the agency's five-year Strategic Plan (FY 2013 – 2017):

Strategic Goal 1: Support the coordinated efforts of the poor to improve their material circumstances, strengthen their organizations and enhance the social and economic environment for community-led development.

- ➔ The IAF met two of three targets and fell slightly short on the third. Management considers that work is generally on track for this strategic goal.

Goal 2: Promote the social inclusion and civic participation of traditionally marginalized groups.

➔ The IAF met two of three targets and fell slightly short on the third (based on FY 2012 data that was compiled and analyzed in 2013). Management considers that work is generally on track for this strategic goal.

Goal 3: Make knowledge-generation and knowledge management an integral part of our work, informing new approaches for smarter investments by IAF and others.

➔ The IAF met three of four targets and is slightly behind schedule on the fourth. Management considers that work is generally on track for this strategic goal.

Goal 4: Increase awareness, understanding and support for the IAF and its programs among key audiences in order to draw more resources into grassroots development.

➔ IAF met or exceeded three of five targets. The IAF was slightly below its target on counterpart funding and yielded about half of the targeted amount of outside funding. Management has recently increased fundraising efforts.

Goal 5: Modernize and strengthen our operations.

➔ The IAF has reduced slightly the time it takes to make a funding decision, which was the only performance measure applicable to FY 2013.

Ambassador Watson asked how the IAF determined performance measures, as he noted that the targets in FY 2013 was lower in some cases than in FY 2012. Kaplan explained that the IAF's goals are set over a year in advance of the fiscal year to which they apply, as part of its budget submission to OMB. Management then revises the targets based on the actual budget received. In FY 2013, the IAF did not receive a final budget until April, about halfway through the fiscal year. Given budget-related uncertainty and a new process for measuring the IAF's progress on its strategic goals, Kaplan acknowledged that the performance measures are a work in progress.

## **B. FY13 grantmaking and portfolio characteristics and trends (Stephen Cox)**

### Review of FY13 Programmatic Funding (details in the board book)

Cox summarized IAF grantmaking from seven funding sources. The largest amounts come from appropriated funds and SPTF. Other sources reflect fundraising and inter-agency agreements.

IAF grantmaking saw some small regional shifts in FY 2013: a sizable increase in the Caribbean, a small increase in Central America and fewer new grants in Brazil. Cox noted that the Program office reviewed its methodology for accounting for grantee counterpart resources last year and suggested this may have been a factor in the drop seen from the previous year.

### Program news

Staff from the Coady International Institute, a significant thought leader on asset-based community development, provided training for IAF staff in April. In June, the IAF chaired a panel on citizen-driven development at the Latin American Studies Association (LASA) annual

conference held this year in Washington, DC. The panelists were representatives from three IAF grantee partners in Guatemala, Colombia and Bolivia and the director of the Coady Institute.

During FY13, the IAF brought to fruition two inter-agency agreements with the State Department: Americas Partnership on Social Inclusion and Equality (APSIE), which seeks to build the capacity of traditionally marginalized groups to access educational and economic opportunities and promote inclusive policies, and the Inter-American Social Protection Network (IASPN), in which the IAF was able to negotiate a change of focus fund grants.

The IAF has received funding from the Mott Foundation in support of a grantmaking partnership to promote the development of community foundations in Mexico. The partnership now supports development (by the Comunalía alliance) of a network of community foundations, training (by Instituto Mora) for community foundation leaders, and challenge sub-grants (administered by Fundación Merced). The Mott Foundation has begun to talk with the IAF about a next phase of the partnership that would increase Mott Foundation funding from \$300,000 to \$400,000.

With IAF assistance, RedEAmérica is updating its strategic plan and expects to finalize it by the annual meeting of members in Chile in April 2014. This will help us better identify where to invest next with RedEAmérica members.

Cox suggested that the IAF's partnership with the Mott Foundation provides a model for bringing more resources to the IAF for grant-making consistent with the IAF's mission. The Program office has begun a realignment of its staff to support efforts to build stronger networks of grantee and funding partners. The Program office is working closely with the External and Government Affairs office to sharpen the IAF's value proposition to potential funding partners.

### Networks

The IAF's current and former grantees, fellows, in-country and U.S.-based professionals and staff represent an underdeveloped asset of the Foundation. Many partners are now in positions of real influence. One of our most important challenges is to identify and activate this network.

The possibility of connectivity today makes it possible for good ideas, when given a platform, to go viral. This is true for emerging sectors of the global economy as it is for social movements. Good ideas from IAF grantees could go viral if the IAF activates its network and builds a platform for partners to connect and access specialized expertise.

Susan Tiano asked about the accuracy of the IAF's database, and Cox acknowledged that it could be better. Grantees of the last few years are relatively easy to reach, but going much further back in time would require more effort. Tiano asked whether the IAF had ever organized its alumni fellows in groups by cities or regions and suggested considering involving students in this effort and/or utilizing LinkedIn. Jim Polsfut asked about the number of alumni fellows that the IAF has identified. Nuñez answered 700 out of 1,000.

Rafael Fernandez-MacGregor recommended that the IAF create and curate a social network of IAF alumni fellows with the IAF's own domain. He recommended the IAF concentrate on identifying a simple, clear value proposition for alumni to get involved in the network and

motivate them to contribute. He also suggested that the network be open-source to facilitate contributions and expansion, and that it be compatible with smartphone technology.

Anita Perez Ferguson recommended that the IAF serve as the host/curator in order to make information more accessible to participants. Marcos Flavio Azzi added that such a network could improve the IAF's visibility and facilitate its creation of more funding partnerships. He recommended setting goals and targets and having regular meetings to ensure implementation.

### Emerging strategic themes

The IAF has begun to invest in strategic themes of the agency's work. It seeks to learn from the applied experience of its partners, to generate knowledge and lessons around effective grassroots development practice, make better grants and establish the IAF as a thought leader. Establishing a reputation for substantive expertise is critical to gaining funding partners. Responsive funding will remain a core value of IAF grant-making.

Emerging themes are chosen based on the IAF's experience in the area, the interest level of grantees and partners, a sense that the IAF can add value to the thinking and knowledge on the theme, and a clear link to U.S. national interests and congressional priorities. For each of the strategic themes the IAF invests in, it seeks lessons on how communities can strengthen agency, such as by gaining more control over the context in which they work or improving negotiation capacity. Possible emerging themes include community-based resource management, sustainable smallholder agriculture, migration and development, youth, social inclusion, community philanthropy, participatory democracy and recycling.

The life cycle of a strategic theme will include the following phases: 1) a review of the IAF's history of funding and engagement; 2) engagement of grantees and other partners and leaders in the area; 3) the development of an exploration strategy together with those partners; 4) some activity/effort to explore the theme; 5) an evaluation of that activity/effort; 6) the production of something we can share; and 7) a decision on whether to continue and 8) identification of next steps the IAF can take to sustain the effort.

## **C. Emerging Program Themes (various IAF staff)**

### **a. Migration & Development (Seth Jesse)**

The IAF has worked since about 2000 on the topic of migration and development, supporting about 25 projects with significant transnational components, totaling over \$6 million. IAF publications and support for exchanges and conferences on the topic deepened its interest. Today, a diversity of actors look at the issue from a variety of perspectives: U.S. agencies (Department of State, USAID, Treasury Department and Department of Homeland Security), private companies, foundations, and organized associations of migrants in the diaspora. A number of IAF grantee partners have already engaged migrant Hometown Associations (HTAs) as contributors of counterpart resources to their projects. IAF seeks to harvest the lessons from these experiences and be more strategic about its investments in this area.

Hector Morales suggested linking with two of the major players on this theme: the Inter-American Dialogue, where Manuel Orozco is a lead thinker, and the Multilateral Investment Fund (MIF) at the Inter-American Development Bank. Mariscal sees an opportunity in southern Mexico, where the government is working to expand the railroad and improve connectivity.

#### **b. Coffee (Jenny Petrow)**

IAF work with the coffee sector is often through associations and cooperatives of smallholder coffee farmers, a natural fit with IAF goals. These grantee partners often pair cultivation with environmental conservation, and are looking for opportunities to integrate into or assume control of parts of the value chain. The IAF has 13 active grants, totaling \$3.7 million in IAF funds with \$7.5 million in counterpart contributions supporting coffee projects in five countries: the Dominican Republic, Nicaragua, Guatemala, Mexico and El Salvador.

Many of these organizations have similar goals and face similar challenges, such as price volatility, market access and the need for economic diversification. In much of Mexico and Central America, coffee producers face a double whammy of “roya,” (a parasitic fungus that has reduced harvests by as much as 20 to 40 percent in some places) and a precipitous drop in coffee prices (from \$2.40/lb two years ago to slightly above \$1/lb this year). The IAF can do more to help coffee producer groups improve their core business and proactively address other threats and opportunities. It can do this by identifying and sharing coffee sector lessons within and across country portfolios, cultivating relationships with technical, funding and thought partners, facilitating the development of regional networks of grantee partners, and staying informed of trends in the field. A recent gathering of representatives of 10 IAF-funded coffee organizations at the “Let’s Talk Roya” conference, organized by Sustainable Harvest in El Salvador, allowed them to form a network and improve their technical expertise regarding roya.

Gabriela Boyer responded to a question about alternative crops by explaining that coffee does well planted alongside other crops, such as macadamia nuts and ginger.

#### **c. Chronic Violence (Stephen Cox)**

IAF partners and projects are powerfully affected by a context of chronic violence in which they live and work. A preliminary survey of IAF grantees when the IAF began its exploration of the phenomenon revealed that a large proportion of our partners were affected. Some have learned to cope or be resilient. In order to be responsible and effective grant-makers, the IAF seeks to better understand how this type of intense, persistent violence affects a community’s ability to function and thrive as well as what the IAF may be able to do about it.

Cox shared primary propositions of the Chronic Violence Framework, developed by sociologist Tani Adams in collaboration with the IAF, regarding how it affects human development, social behavior and the practice of citizenship. Violence has no single cause and begets more violence. Childhood development is compromised by the trauma of their parents, who do not have the capacity to raise them in a healthy environment; thus the parents’ trauma is transmitted intergenerationally. Individual and social behavior exhibit a perverse normality of physical and social isolation, social silence, scapegoating, exclusive practices and the inability to plan beyond

day-to-day existence. The practice of citizenship and democracy is threatened as citizens perceive themselves as victims and the state as an enemy, abandon public spaces, and resort to direct justice.

While many public and private institutions are investing heavily at the national or regional level to address crime and violence in Latin American countries, the IAF's approach focuses on building agency at the local level to help communities to become healthy and take back control over what is happening to them.

After an initial exposure to the concept of chronic violence in late 2011, the IAF began in 2012 a working group dedicated to the theme and to clarifying how the framework might be useful to the IAF, its partners and communities. In the summer of 2013 the IAF held focus groups in partner communities in Ecuador, Colombia, El Salvador, Guatemala and Mexico to test how the chronic violence framework applied to their own histories. The IAF convened representatives from the focus groups and IAF staff working in the five countries in a regional workshop in Guatemala in November to share what groups had learned about chronic violence and structure a process for refining a workshop tool on the concept, identifying thought partners in the region and developing case studies of community resilience in the context of chronic violence.

#### **d. Congressional Perspective on Themes (Megan Fletcher)**

The IAF looks for thematic areas where U.S. national interests and the interests of grantee partners overlap with bipartisan and bicameral interest in Congress, and where the IAF can help inform Congress about challenges on the ground and cost-effective ways to address them. Chronic violence, migration and development and coffee fit these criteria.

IAF staff have discussed the topic of chronic violence with more than 32 congressional staffers whose Members serve on key oversight committees. They found the IAF's initiative both timely and relevant to their own work on citizen security in the region and to constituent concerns, and complementary with U.S. investments in programs like the Central American Regional Security Initiative (CARSI). Staffers asked the IAF to share what it learns about what ordinary citizens believe they need to improve their security and what investments create resilience to violence.

Migration and Development is also of interest to many members of Congress, especially those with constituent ties to the region. There is increasing bipartisan interest in seeing that U.S. foreign assistance work to address the economic, social and security reasons associated with migration. Congress is also interested in IAF's experience working with Diaspora in catalyzing resources to invest in the needs of migrant-sending communities.

Coffee enterprises have served as a powerful example of how the IAF promotes grassroots business that can grow to a global scale. There is bipartisan interest in supporting job-creation and the integration of products from small producers into the supply chain – one that utilizes trade agreements and benefits U.S. businesses and consumers. At a reception for congressional staffers in December 2013, the IAF offered coffee from IAF-supported groups that now sell in international markets and highlighted how the IAF helps them learn from each other to overcome shared challenges like *roya*.



Board and Advisory Council members expressed appreciation for the update on the IAF's programmatic strategy and concurred that all three themes are relevant and capture an audience. Fernandez-MacGregor suggested that the IAF project he visited in Oaxaca showcases well the IAF's support for work on all three themes – coffee, migration and violence – as well as highlighting the importance of finding roles for young people. Salazar also congratulated the IAF on the 2013 edition of the Grassroots Development Journal with a focus on youth.

#### **IV. ADVISORY COUNCIL REPORT**

##### **A. Report on Advisory Council engagement (Amb. Alexander Watson)**

Ambassador Alexander Watson, chair of the IAF Advisory Council, recognized the council's new members, Jim Polsfut and Hector Morales, and thanked Morales for hosting the meeting. He also thanked members of the Advisory Council who contributed about half of the funds raised to participate in the upcoming Bridge-Builders Award ceremony, which will bring awareness of the IAF's work to a broader audience.

In the last year, members of the Advisory Council had many meetings and other interactions with IAF staff, which offered a full exposure to the IAF's programmatic areas of focus and an opportunity to provide feedback on its work. Nicolas Mariscal and Rafael Fernandez-MacGregor visited grantee partners in Oaxaca, Mexico, and Juan Edgar Picado visited a fishing cooperative in Costa Rica. Marcos Flavio Azzi connected the IAF to contacts in Brazil, and Charles Krause arranged a meeting of IAF senior staff with Enrique Iglesias, former President of the Inter-American Development Bank and elder statesman for the region.

Amb. Watson reminded council members of former IAF board member Kay Arnold's challenge to the group at the Advisory Council's 2012 meeting to do more to support the IAF. She posed four questions, which Watson later re-iterated in a letter to Advisory Council members: 1) what does your own experience tell you about how IAF should diversify funding; 2) who should we engage; 3) What should our message be with each of these prospective partners; and 4) what doors are we prepared to open for the foundation? Watson noted that some answers were included in the second tab of the Board book and that all Board and Advisory Council members should continue to think about these questions and what they can do.

##### **B. Implications of 2013 Popular Protests in Latin America**

###### **a. Mexico (Nicolas Mariscal and Rafael Fernandez MacGregor)**

Mariscal shared reflections about the multiple macro and micro-level factors that may have contributed to a wave of popular protests in Mexico in the last year. The country's economic, political and social environment was an important backdrop, as well as its complex and diverse cultural heritage, histories, and languages. He noted social discontent around persistent challenges such as corruption, inequality, lack of opportunities for development, and lackluster economic growth (1.3 percent in 2013 and 3.3 forecasted for 2014) and a general concern about

organized crime. Alongside these ongoing problems, the approval of significant structural reforms to major sectors -- labor, telecommunications, state debt, education, fiscal policy, financial systems, political and transparency rules, and energy (forthcoming) – may have signaled an opportunity to make demands public. Mariscal also emphasized the need to look at the particular features of each movement to understand their development. He provided a brief summary of several of the protest movements, including “Yo Soy 132,” teacher protests and protests against energy reform and the Barzón.

Fernandez-MacGregor noted some similarity between the protests in Mexico and those of the Arab spring, which originated in the middle classes and expressed expectations for a more democratic and responsive government. Regarding structural reforms, particularly of the energy sector, he said he had expected more opposition, especially from labor unions. On the other hand, he speculated that the Mexican people have long recognized the potential for developing the country’s energy sector. He posed two key questions for social engagement ahead: 1) how to engage people and organize communities from the bottom-up, and, 2) with regard to the private sector, how to organize business models that can serve thin markets in small communities with e-government and e-health and make them sustainable.

#### **b. Brazil (Marcos Flavio Azzi)**

Regarding the protests in Brazil, Azzi suggested that they may have had less to do with a demonstration of citizenship than with the power of social media. He suggested that, as a result of the strong dictatorships in the 1960s and 1970s, democratic demonstrations are not in Brazilians’ DNA. Many who participated lacked understanding of why they were protesting and joined in because they were not otherwise occupied. Nevertheless, as context, Azzi noted a disparity between Brazil’s economic power – ranking sixth or seventh in the world – and its social development, where it ranks about 80<sup>th</sup>. He suggested that Brazilians in urban centers are highly aware of spending by government and others to build stadiums (for hosting the World Cup and Olympics) rather than address health and other social needs. While they question these decisions, they do not seem to be sufficiently motivated to organize themselves and build a popular movement that could impact Brazilian policy and politics.

#### **c. Comments (Robert Kaplan)**

Kaplan thanked Mariscal, Fernandez-MacGregor and Azzi for their insight into the popular protests in Mexico and Brazil. He said the IAF is interested in understanding recent protests in those and many other countries of the region to inform the foundation’s role and work. People joined protests for many reasons, including for policy changes, political reasons, student solidarity and opposition to mining. Underlying social tensions are also a factor. While the percentage of the population below the poverty line is now down to 28 percent, there are more poor people in the region than there were in 1980. Moreover, a “struggling class,” including those whose livelihoods have improved in recent years, teeters between poverty and the middle class with earnings the equivalent of US\$4-10 per day. Many feel vulnerable and left out. Social media permits more information about what is happening in other countries. The latest Latinobarómetro opinion survey suggests a relatively high disposition to participate in protests

but less willingness to participate in civic organizations. The IAF does not support or participate in protests, but considers that organizing for collective action strengthens a community's practice of democracy and motivates people to inform themselves about their rights and responsibilities.

Fernandez-MacGregor agreed with the analysis that Latin Americans participate more readily in protests and less readily in organized movements. Watson observed that many people who protest may then not know how to channel their energy to address their concerns. He noted enormous potential to redirect their focus to organizing collectively and to networking productively with significant benefits for democracy and society.

Polsfut remarked that he believes supporting civic engagement and citizen participation is the way to make a difference, a lesson he learned as CEO of the US-Mexico Foundation. Perez Ferguson commented that supporting civic participation is a great challenge, and it is important to engender participation without controlling it.

Fernandez-MacGregor commented that 20 percent of Facebook users worldwide are in Latin America. Polsfut noted that technology penetration is likely much lower among poorer populations. Cox recalled an example of an IAF grantee that we recently helped overcome this barrier by providing \$2,000 in the grant; connecting to the national telecommunications grid opened many doors for new opportunities.

Fernandez-MacGregor remarked that the IAF's approach to supporting social inclusion is something that few people understand how to do well or for which they have a track record. He expressed support for finding alternative funding sources.

Watson asserted that all IAF Advisory Council and Board members can contribute to IAF fundraising. They can also help to identify others interested in supporting the kind of work the IAF does. The IAF is truly working at the center of the challenges that many of the countries in the region are facing.

## **V. Donor Engagement (Manuel Nuñez with Mark Goode and Pamela Roberts of The Roberts Group)**

### The IAF's Pitch Deck

Nuñez presented the IAF's pitch deck for prospective donors. The presentation is further adapted to each prospective donor with a specific value proposition. Nuñez thanked Polsfut for previously sharing his pitch deck at the US-Mexico Foundation.

The IAF and its approach resonates with potential donors for a number of reasons. Donors appreciate being able to see where the money goes and are impressed by the IAF's transparency and glasspockets certification. They also find the IAF's leveraging of counterpart resources to be compelling. As donors are increasingly shifting to impact investing, the IAF's ability to track progress and verify results is beyond the capacity of many corporate and private foundations.

The valuable and effective infrastructure the IAF already has in place is an attractive asset to potential donors who often lack this. Most potential donors the IAF has spoken with do not have the ability to do grantee engagement and project evaluation cost-effectively, so the IAF can fill that need. Donors are impressed by IAF's sophisticated and selective process for identifying grantee partners. The IAF's bipartisan support since its creation, the agency's 40 years of stewardship experience and its tax deductible status are additional draws. The IAF's broad rather than singular focus is also an advantage. In exploring funding opportunities, donors have a range of options from investing in themes to supporting emerging networks that link people at the grassroots to learn from each other.

#### Engagement of Board and Advisory Council in IAF Fundraising

Mark Goode of The Roberts Group, reviewed why it is critical for the IAF to diversify its funding sources and build a strong donor base and what the IAF needs to achieve this. Support from Board and Advisory Council members is critical to the IAF's fundraising success. The IAF needs business development staff, but current resource constraints do not provide for that. The IAF needs to add a combination of people, expertise and funding in order to bring in more resources. The IAF needs to raise its brand awareness in the corporate and private donor community because the vast majority of prospective donors have never heard of the IAF.

Goode displayed a graphic of the IAF's funding spectrum: a map of how the IAF funding opportunities match up with potential funding sources. The spectrum ranges from philanthropy to revenue-generating social enterprises to socially-driven business. Bridging philanthropy and business is attractive to social investors because people have come to realize that integrating the two provides the most benefit.

Goode mentioned specific ways that Board and Advisory Council members could support fundraising. They can save the IAF valuable time by making introductions to key individuals or entities, including foundations, philanthropists, social or impact investors and corporations. They can host an event with high net worth individuals or key entities, or share other ideas with IAF staff. In turn, the IAF committed to providing Board and Advisory Council members with the materials they need to support the fundraising effort effectively, including one-page overviews, short video clips of the IAF's work, case studies and briefing materials.

#### Discussion

Azzi asked about the IAF's fundraising goal for 2014. When told that the FY 2014 target is \$1.5 million and the FY 2015 target is \$2 million, Azzi suggested that this may mean the IAF needs some 200-400 meetings with potential donors. He said that donor engagement is expensive in terms of time and people investments. Goode reiterated the need to efficiently identify people with an interest and connection to the IAF's work. Donor events can be a cost-effective tool.

Polsfut recommended using a concrete pitch that combines scarcity and a deadline, which help a company have a clear idea of what exactly we are looking for. For example, the IAF could decide it is looking for five partners at \$100,000 each. He also asked about the benefit to donors of contributing to the IAF. Wealthy individuals and families interested in philanthropy are often

interested in leaving a legacy; the IAF can think about what it could add to the legacy of these families. The IAF can fill a need for smaller foundations that want to support groups like those reached by the IAF, but who do not have the appropriate infrastructure. Such foundations also want recognition from audiences with which the IAF has a solid reputation: the communities they support, the White House and Congress.

Participants discussed the potential challenge of donors who may want to be involved in decisions on how resources are spent. How much donor advice is the IAF willing to take?

Eddy Arriola asked how the IAF vets potential donors. Pam Roberts described how the IAF and Roberts Group vet potential donors before first engagement.

Vaughn shared lessons from a fundraising effort about five years ago. Pairing IAF themes with prospective donor interests was helpful, and the IAF's strategic infrastructure was a compelling sell. Vaughn advised the IAF to clearly articulate programmatic and geographic focus and strategy, as otherwise IAF grantmaking may seem too broad or nebulous.

Several participants felt that offering a low overhead charge, so that as much as 90 percent of donated funds could go to program objectives, would be attractive to potential donors.

Watson asked for clarification on how the IAF will respond to donors who ask about the fact that it is a U.S. government agency. Goode responded that he has found that this ultimately makes no difference to donors – and can be an advantage. It does not affect the distribution channel of their funds to the very poorest. The IAF transfers resources directly to the communities rather than going through governments or contractors. Donors have the confidence in the effectiveness of their resources invested because the IAF knows so well how to vet and select grantee partners and measure impact. In addition, donors know the recipient organizations are vetted by the U.S. government and they get a tax deduction on their donation.

Morales congratulated the IAF on an excellent value proposition highlighting the quality of its work and its longevity. He noted that there is significant competition from other agencies and institutions, such as the MIF, that are also in the process of trying to attract financing. He encouraged the IAF to mention in its pitch presentation the points that differentiate the IAF from other such institutions.

## **VI. ADJOURNMENT**

Next meeting on March 31<sup>st</sup>. The two other meetings in 2014 are scheduled on July 28, 2014 and November 10, 2014 (with the full Advisory Council).